



Southwest Association of Rail Shippers

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Overview

- **Introduction**
- **Current Market Trends:**
 - Rail
 - Truckload
 - Less-Than-Truckload
- **Outlook**
- **Questions**



Dahlman Rose Value Proposition

Dahlman Rose is a specialized investment bank focused on **growth industries** that are *underserved, under-banked, undervalued, and underinvested*

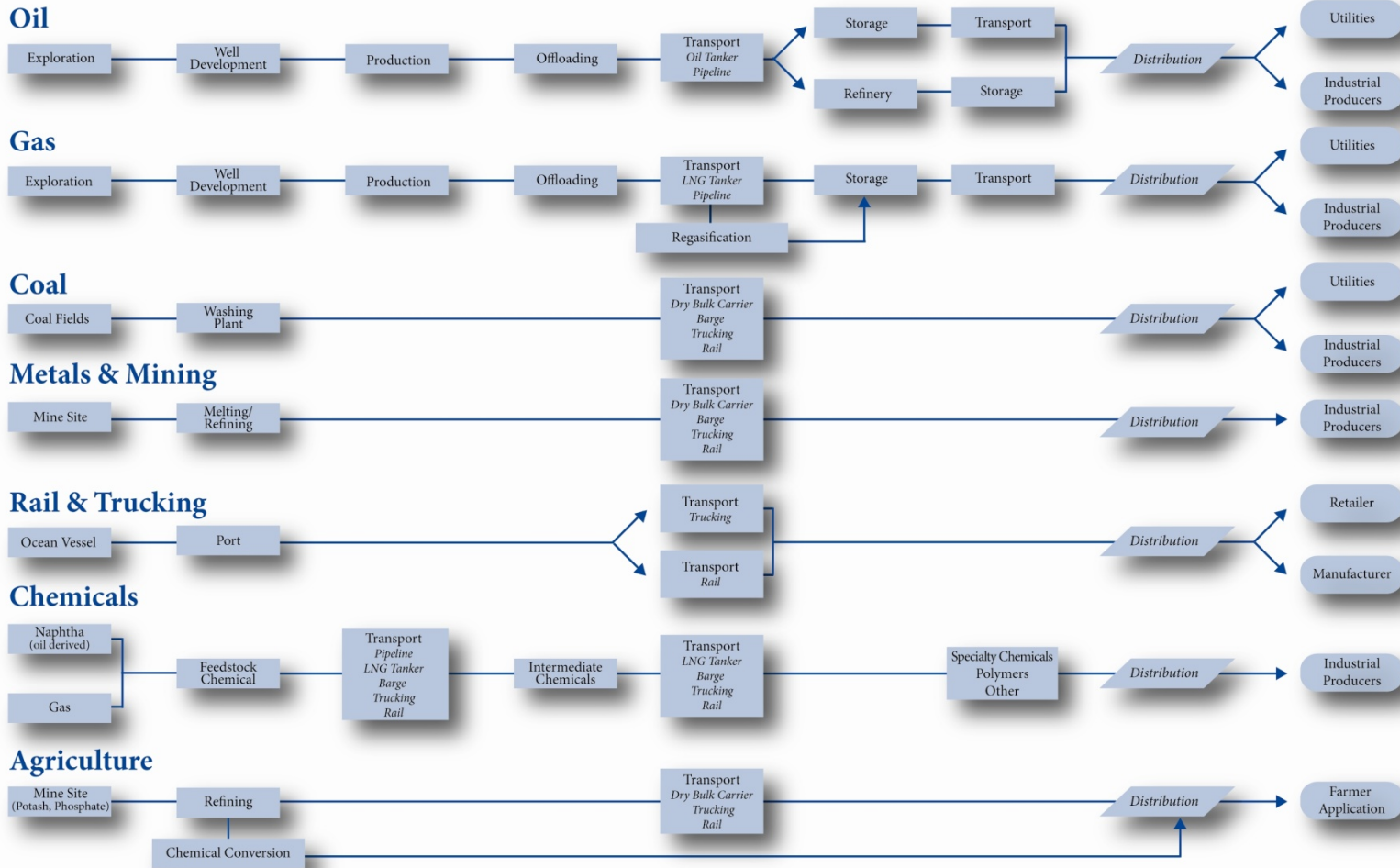


- Historically, investors have generated unprecedented returns in growth sectors such as Technology, Telecommunications, Media and Healthcare
- Growth of global trade, infrastructure development, and urbanization has created a new, dramatic investment theme
- Similar to the underinvestment in infrastructure, there has been a lack of intellectual capital dedicated to these natural resource industries among Wall Street's traditional banks
- Dahlman Rose's mission is to broker the knowledge transfer between the companies that are driving the global economy and the investment community which is seeking outsized returns



Global Energy and Commodity Supply Chain Focus

Dahlman Rose Employs a World Class Expertise Across the Energy and Commodity Supply Chains





Current Rails Trends – The Good & The Bad

Positives

- Volumes rebounding
- Pricing hanging in there
- Rails proved they can somewhat control costs
- Capital investments made over last 5 years should payoff later
- Giving back to investors

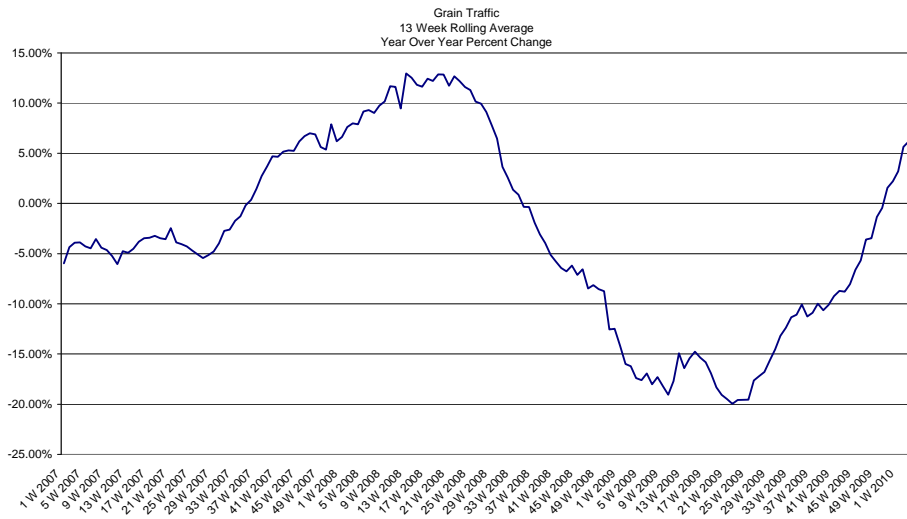
▪ **Negatives**

- Regulatory Issues Persist
- Utility coal under pressure
- Lost some of the business back to trucks
- Pricing of truck competitive business weak



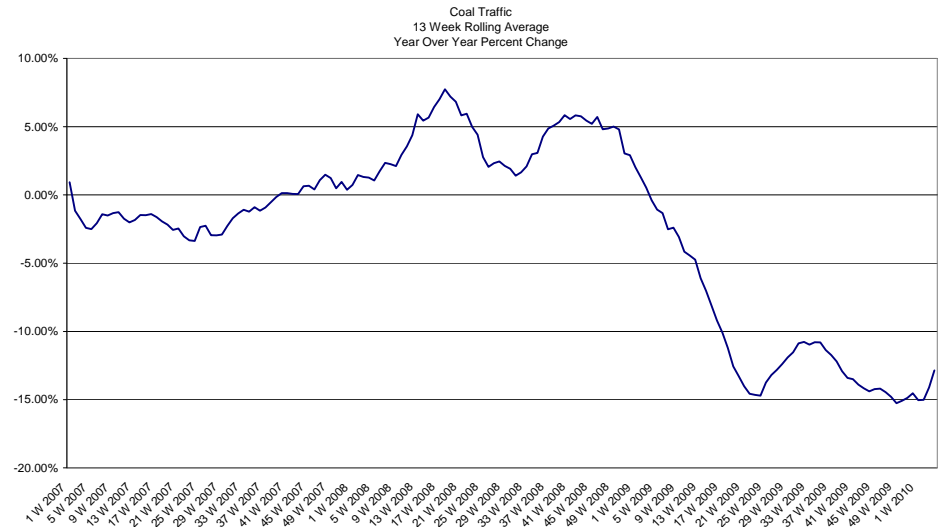
Rail Group 13 Week Rolling Average Grain and Coal

Grain



Source: Rail Share Data

Coal

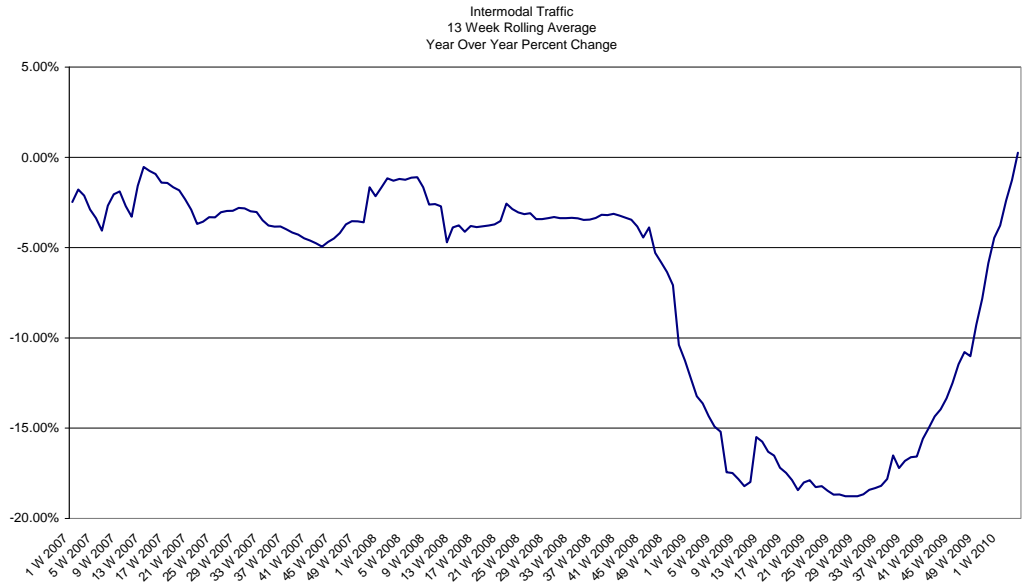


Source: Rail Share Data



Rail Group 13 Week Rolling Average Intermodal

Intermodal



Source: Rail Share Data

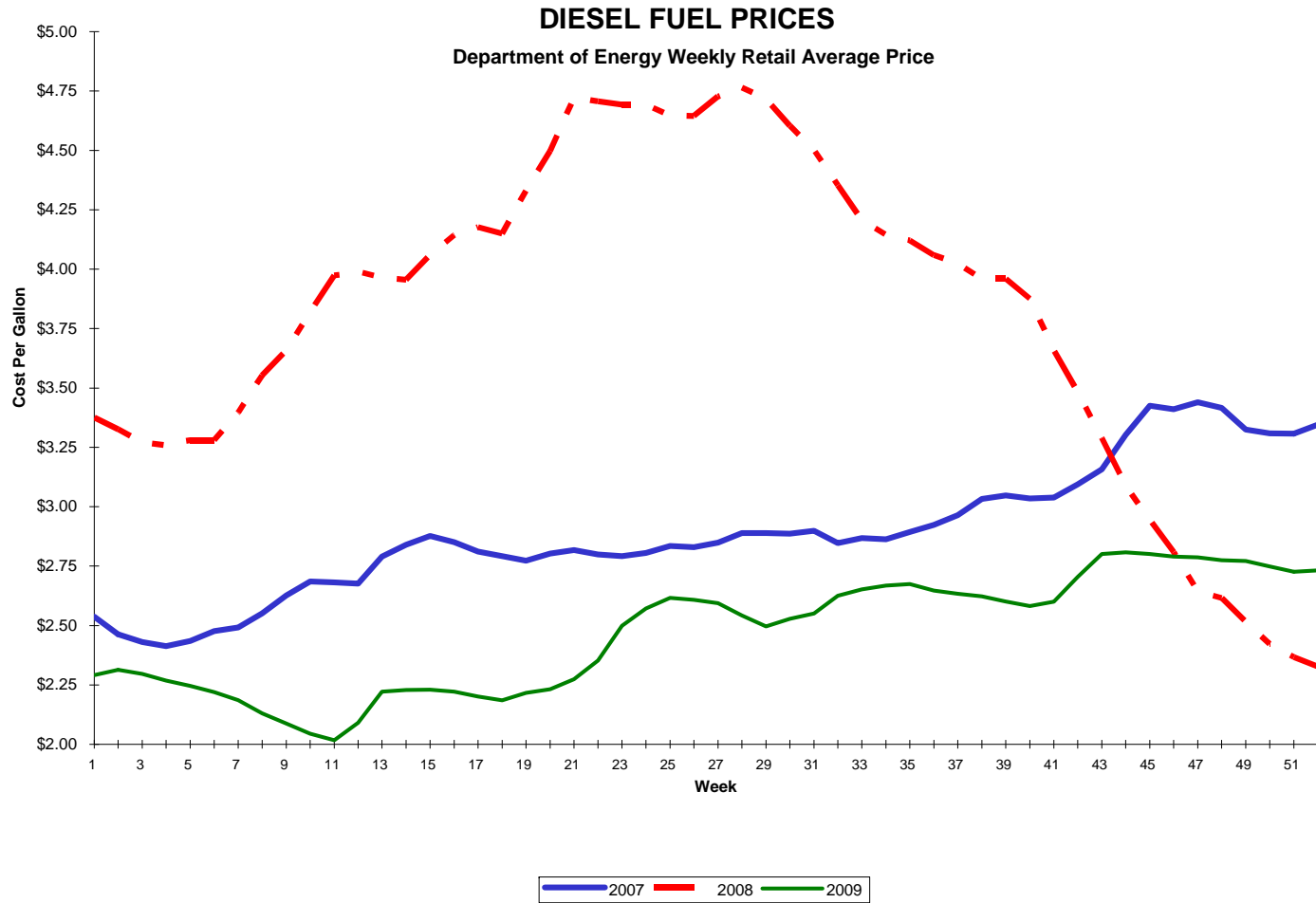


Current Trucking Trends- Truckload

- **Demand/Pricing**
 - Slight uptick over past month
 - Pricing up sequentially
- **Capacity**
 - Larger carriers in replacement mode only
 - Smaller carriers hurting and starting to show signs of failing

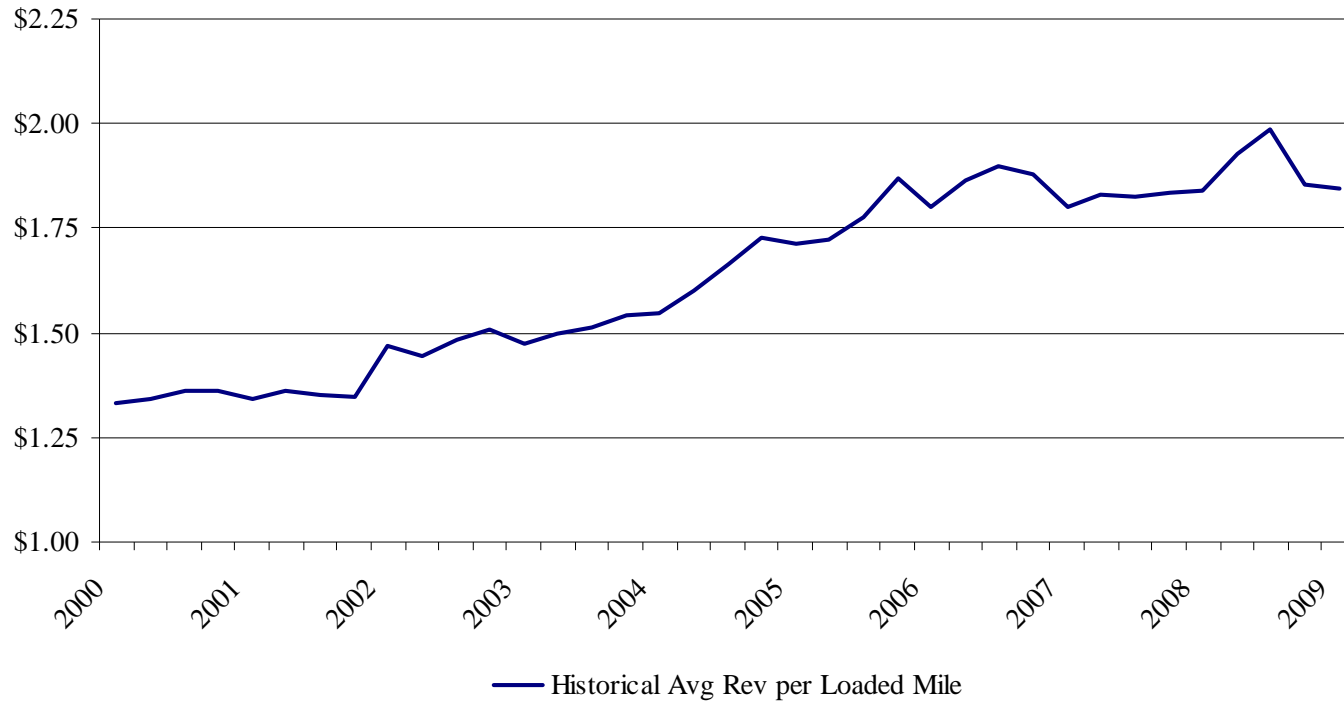


Truckload - Fuel





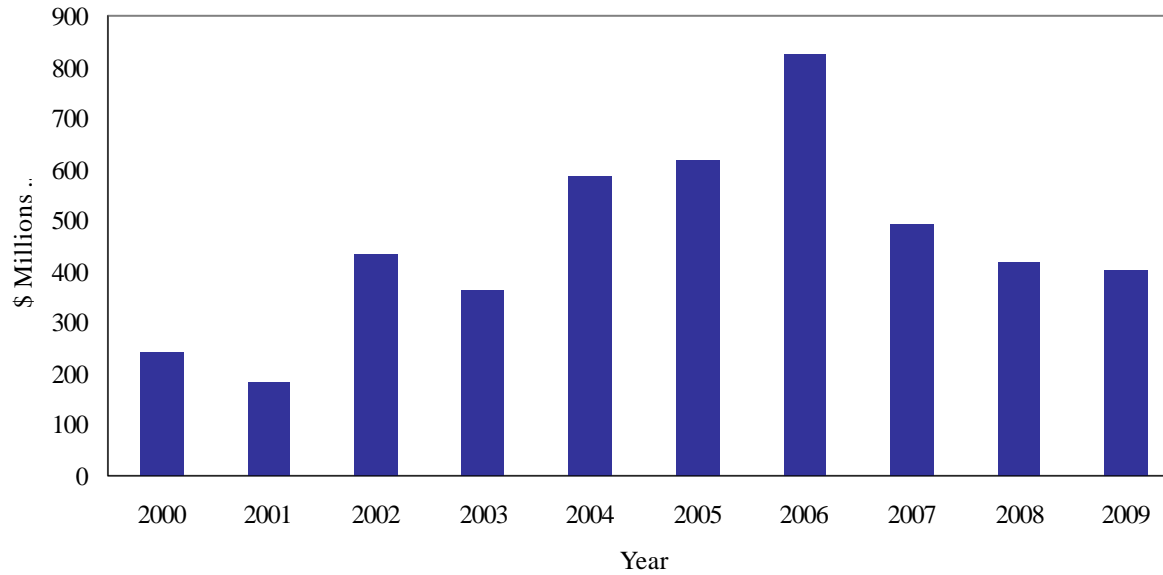
Truckload – Pricing



Source: Knight Transportation, Werner Enterprises and J.B. Hunt Transport Services Company Website



Truckload – CapEx



■ TL Universe Capex Trends



Current Trucking Trends – Less-Than-Truckload

- **Demand**

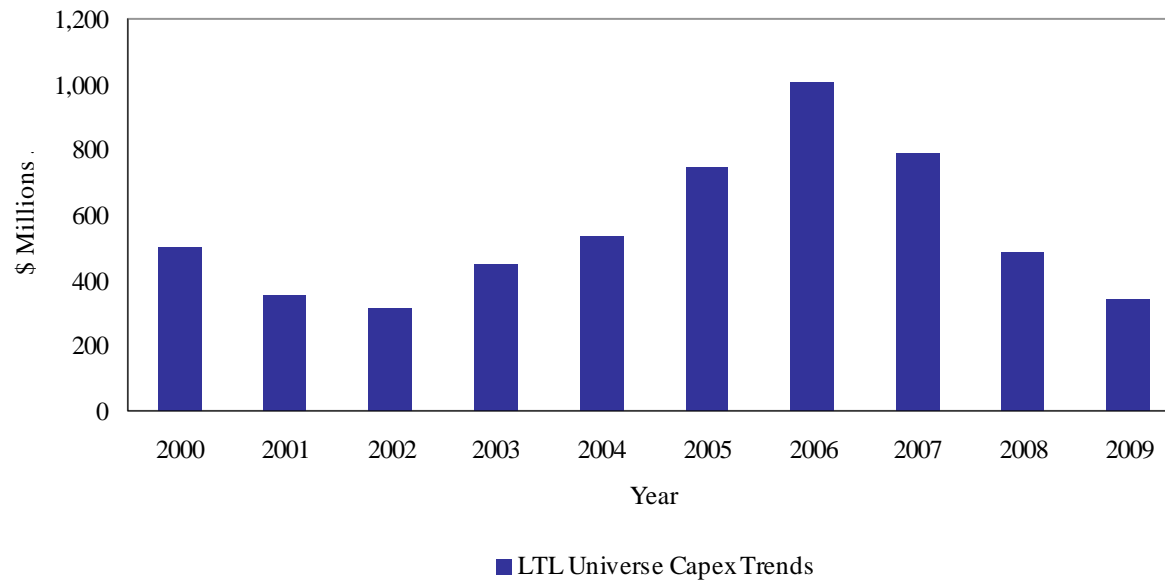
- Tonnage Trends recover from the abyss due to easier comps and a mild pickup
- Sequential seasonal trends holding
- Pricing still big question

Capacity

- Small Players hurting
- YRCW cheating death thus far
- YRCW Likely to Survive Year but could exit much smaller than they began
- Capital Spending Well Below Replacement Levels at Some Carriers.

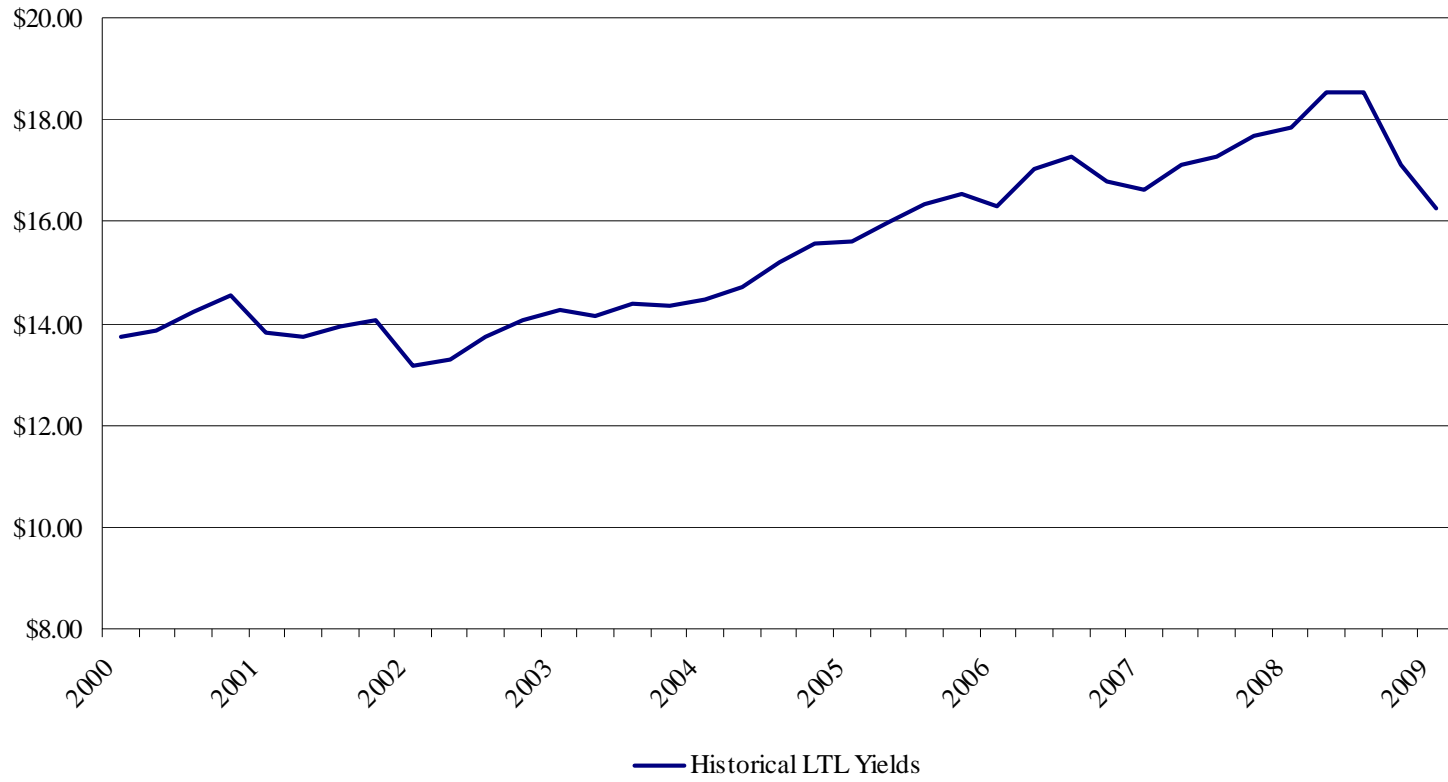


Less-Than-Truckload - CapEx





Less-Than-Truckload - Pricing



Source: YRC Worldwide, Arkansas Best Corp., Old Dominion Freight Line, Saia Inc., Vitran Corporation and Con-way Company Website



Conclusion

- **Near-term**

- Pace of recovery
- Regulation
- Service

- **Longer Term**

- Maintain service levels
- Manage for Supply Chain Not Your Mode
- Continue to attack intermodal lanes



Your Turn...



Questions?